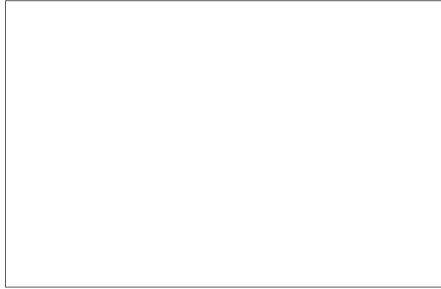




Director of
Central
Intelligence

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OCFAS/CIG



CY# 285

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National Intelligence Daily

Tuesday
20 December 1983

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OCFAS HQ 68-208 IX

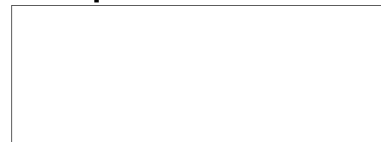
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ANGOLA-SOUTH AFRICA: Military Developments

Luanda charges that South African forces recently attacked its positions in the south and has rejected Pretoria's conditional offer to withdraw its troops from Angola temporarily. [Redacted]

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Angola claims that since last Wednesday South African ground forces have moved from Xangongo toward the Angolan garrison at Mulondo. It also alleges that over the weekend South African aircraft bombed government forces at Mulondo and Caiundo. [Redacted]

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Pretoria announced on Friday that its forces are engaged only in "hot pursuit" operations against SWAPO insurgents. [Redacted]

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[Redacted] Xangongo is being used to resupply South African forces to the north. [Redacted]

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Luanda rejected Pretoria's offer last week to withdraw its troops from southern Angola on 31 January for one month in exchange for assurances that Cuban, Angolan, and SWAPO forces would not exploit the move. A SWAPO spokesman also rejected the offer because it would require the insurgents to declare a cease-fire. [Redacted]

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Comment: South Africa sent forces to Xangongo last week, reportedly to attack SWAPO guerrillas in the Cahama area. [Redacted]

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[Redacted]

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Luanda's summary rejection of Pretoria's offer reflects its continuing effort to stop the latter from sidetracking the UN debate on the South African presence in Angola. It also is a sign of the strength of the hardliners in Luanda, who oppose a withdrawal of Cuban troops. [Redacted]

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Japanese Election Results

	Previous Diet	Final Result	Gains/ Losses
Liberal Democratic Party	284	250	- 34
Japan Socialist Party	101	112	+ 11
Komeito	34	58	+ 24
Democratic Socialist Party	31	38	+ 7
Japanese Communist Party	29	26	- 3
New Liberal Club	10	8	- 2
Social Democratic Alliance	3	3	
Independents	4	16	+ 12 ^a
Vacancies	15		
Total	511	511	

^a At least 9 Independents have agreed to join the Liberal Democrats.**LDP Factional Balance in Lower House ^b**

	New Balance	Gains/ Losses
Mainstream		
Tanaka	61	- 3
Suzuki	49	- 13
Nakasone	40	- 7
Nonmainstream		
Fukuda	46	- 6
Komoto	28	- 2
Nakagawa	7	+ 1

^b Factional alignment not yet final.

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JAPAN: Postelection Politicking

The Liberal Democratic Party's failure to win an absolute majority of 256 seats in the lower house election will provoke a round of factional wrangling that could lead to Prime Minister Nakasone's resignation. [Redacted]

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Members of the two major factions opposing Nakasone have hinted that he should step down. The Prime Minister told reporters yesterday, however, that he intends to remain in office to ensure continuity in international and economic policy. According to one press report, the factions of former Prime Ministers Tanaka and Suzuki will continue to back him. [Redacted]

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Meanwhile, nine independents have announced they will join the Liberal Democrats. This will give the party a slim majority in the lower house. [Redacted]

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Comment: Meetings among key leaders of the Liberal Democratic Party over the next few days will determine whether Nakasone remains as prime minister. Party leaders probably will find it difficult to agree on a replacement acceptable to all factions. [Redacted]

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Tanaka faction leader Nikaido was widely rumored to be a possible caretaker prime minister. He bears some responsibility for the election setback, however, because he directed the campaign. The Tanaka faction, which remains the most powerful in the party, will resist allowing a rival faction to assume power. [Redacted]

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Intraparty skirmishing is most likely to occur during the selection of a new cabinet. Rival faction leaders will demand a larger role, and Nakasone will have to accommodate them as well as his allies in the Tanaka and Suzuki factions. [Redacted]

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The new cabinet should approve the budget for FY84 by early January. Nakasone's weakened political position will allow opponents of increased defense spending to lobby against the Prime Minister's planned increases. The Liberal Democratic Party's poor showing in rural districts may make it more difficult for Nakasone to offer Washington concessions on agricultural imports. [Redacted]

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CHINA: Ideological Campaign in Disarray

Chinese leaders recently have taken steps to limit the scope of the crusade against "spiritual pollution," but they have been unable to resolve the confusion the campaign has caused. [Redacted]

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Since Deng Xiaoping initiated the campaign against "cultural contamination" at a Central Committee meeting in October, it has dominated the national media, despite the absence of official guidance on how to carry it out. The lack of direction reportedly has led to abuses at local levels, with conservative party cadre using the campaign to attack everything from party-sanctioned policies on agricultural reform to women's hairstyles. [Redacted]

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In mid-November the party began to try to limit the adverse effects of the campaign. A commentary in *People's Daily* on 8 December instructed party members that the slogan "eliminate spiritual pollution" should not be mentioned in the countryside. Party leaders have sought to insulate foreign policy, foreign trade, and work on science from the effects of the campaign. [Redacted]

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Comment: The move to restrain the campaign in the rural areas is a gain for party moderates in their quest to protect their reform program from criticism. The fact that they have had to defend agricultural reform, their most successful policy, from ideological attack reflects the depth of current disagreements. [Redacted]

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There are persistent hints of conflict in the Politburo over the targets, methods, and duration of the campaign. The excision from some party newspapers of recent remarks by General Secretary Hu Yaobang on spiritual pollution will provoke further speculation on his prospects for succeeding Deng. [Redacted]

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USSR-US: Possible Halt in Nickel Sales

The Soviets seem prepared to forgo hard currency earnings rather than accede to Washington's demand that they certify that the nickel they sell in the US is of non-Cuban origin. [Redacted]

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The US ban on Soviet nickel imports will become effective this week. After that time certification negotiations may still continue, but only Soviet nickel certified to be of non-Cuban origin will be allowed into the US. [Redacted]

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A US businessman, who has been in contact with Soviet officials on this issue, believes that the USSR will not agree to an intergovernmental certification agreement with the US but will view it as an attempt to drive a wedge between it and Cuba. He believes, however, that the Soviets might agree to certify that their exports do not include Cuban nickel if an agreement could be concluded through strictly commercial channels. [Redacted]

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Comment: The US has invoked this legislation against Cuban nickel four times in the past two years against Western nations, but this is the first time it has been used against the USSR. In the earlier instances, the issue has been resolved through the successful conclusion of certification arrangements. [Redacted]

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Soviet unwillingness to accede to any certification agreement may be due in part to US insistence on reliable and verifiable procedures. Moscow probably would oppose a US request for on-site inspection. The Soviets are likely to view the US action primarily as a political move to penalize them for their support of Cuba. [Redacted]

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The loss of US nickel sales—roughly \$20 million annually—would not be burdensome to Moscow. Japan has already restricted trade in nickel with Cuba, and it also may consider curtailing trade with the USSR. West Germany and other major Western importers may soon take similar action, which would put Soviet losses closer to \$100 million—a significant cut. [Redacted]

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EUROPE: Criticism of Superpowers

The stalemate in Soviet-US arms control negotiations is provoking several smaller European countries, including some members of NATO, to condemn both superpowers for failing to honor their obligations under the Non-Proliferation Treaty. [Redacted]

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Under Article VI of the Treaty, the USSR, the US, and the UK are obligated to pursue negotiations in good faith toward measures designed to promote nuclear disarmament. Romanian President Ceausescu, in an unpublicized letter to President Reagan on 2 November, characterized any new nuclear deployments in Europe by either the USSR or the US as a violation of Article VI. According to Yugoslav diplomats, Bucharest is contemplating an initiative to highlight this issue next April at the first preparatory meeting for the Non-Proliferation Treaty Review Conference in 1985. [Redacted]

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[Redacted]

Comment: These initiatives illustrate the sentiment that is building within the smaller European nations to link the nuclear disarmament issue to the future of the nonproliferation system. Yugoslavia and Sweden previously have been the only European nations willing to support Third World efforts to condemn the performance of the nuclear weapons states on Article VI. [Redacted]

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[Redacted] a protracted stalemate in Soviet-US arms control negotiations almost certainly will result in greater European-based support for the efforts of developing countries to transform the Review Conference into a referendum on the record of the nuclear weapons states on Article VI. [Redacted]

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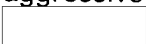
EL SALVADOR: Military Activity

The Army has retaken lost ground in the east, but it suffered heavy losses in the recent fighting there. The guerrillas routed an Army battalion, and they claim that over 80 government troops were killed or wounded and that 60 weapons were captured. The US defense attache says some 83 personnel are still missing.

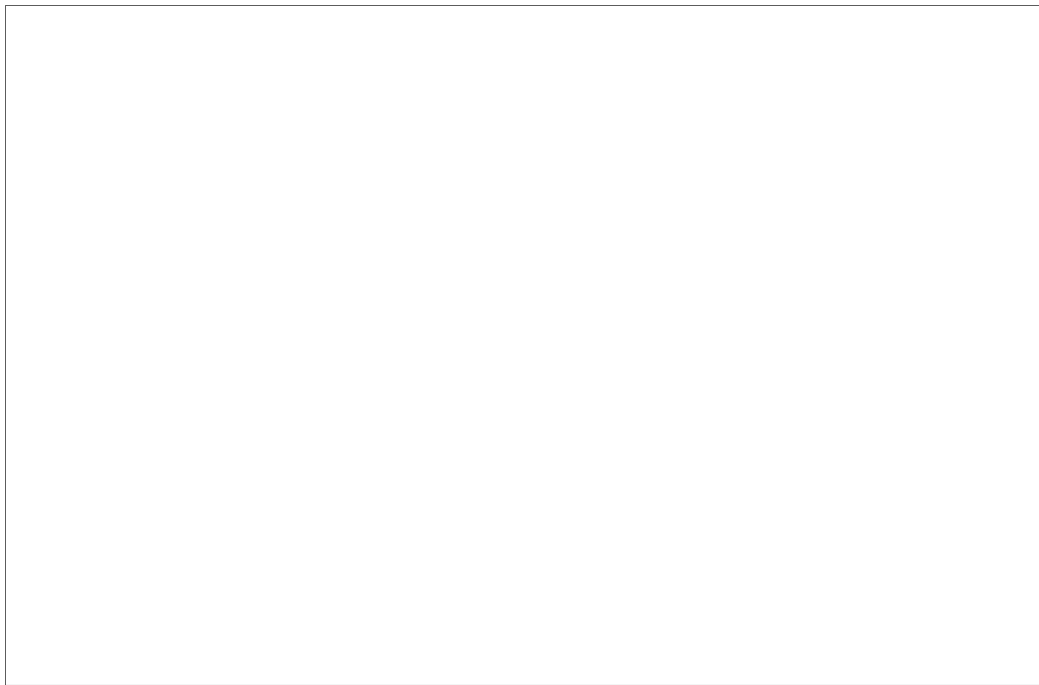


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Comment: Despite the tactical setback, the new military command was able to counterattack quickly, and it adjusted well to the rapidly changing battlefield situation. As new field commanders become more familiar with the capabilities of their forces, some of the current difficulties probably will be alleviated. The Army may try to avenge the defeat by organizing more aggressive operations against the insurgents, particularly in the east.



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OMAN-UK: Decision To Buy Fighter Aircraft

The US defense attache in Muscat reports Oman has decided to buy eight Tornado air defense fighters from the UK for \$500 million to replace aging Hunter aircraft. Oman will not use defense funds of the Gulf Cooperation Council for the purchase but will seek outside financing. [Redacted]

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Comment: The British exploited their extensive influence in Oman to make the sale. Other members of the Gulf Cooperation Council have opposed Oman's consideration of the British aircraft, preferring to standardize their air forces with US and French equipment. The use of nondefense funds for the purchase may indicate that the Omanis intend to use Council defense funding to buy US air defense equipment, or possibly a US or French fighter. [Redacted]

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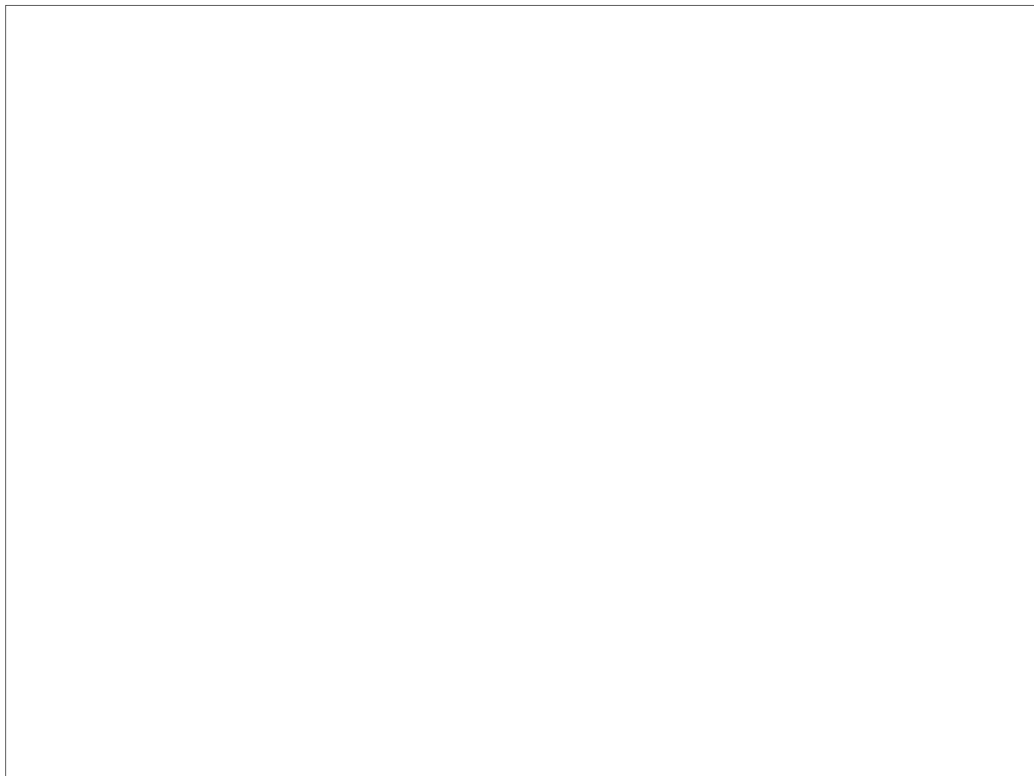
USSR-FINLAND: Understanding on Air Defense

The Finnish Foreign Minister, after meeting with Soviet Foreign Minister Gromyko last Tuesday, told the press that the USSR does not expect Finland to take any special measures—presumably beyond treaty obligations to defend its borders—to prevent cruise missiles from attacking the USSR through Finnish airspace. A few days earlier Soviet General Tatariko stated in a Finnish newspaper interview that Finland was responsible for protecting its own airspace from incursions by NATO cruise missiles. He implied, however, that the USSR reserved the right to take defensive action against incoming missiles before they enter Soviet airspace. 

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Comment: Some Finns have been concerned that, because of INF deployments, the Soviets would request consultations on common defensive measures. Such talks are provided for by the Finnish-Soviet Treaty of 1948 obligating Finland to defend against threats by West Germany and its allies to attack Finland or the USSR through Finland. The Soviets appear to have decided that any move to invoke the consultative provisions would unnecessarily damage bilateral relations. 

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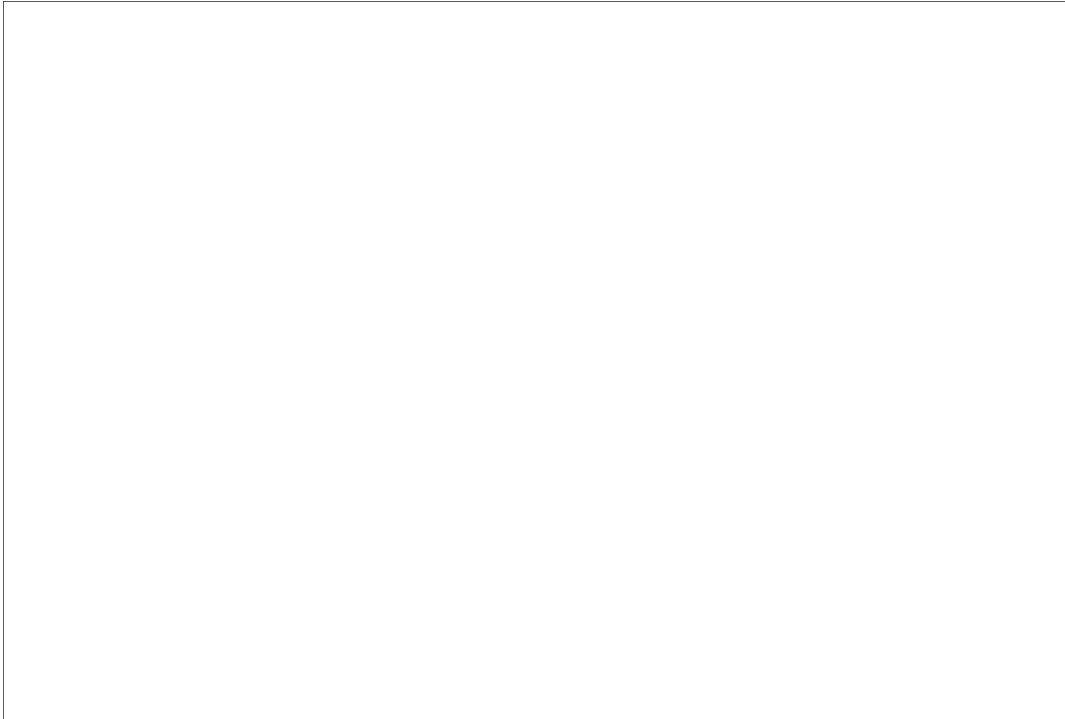
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MALAYSIA: Constitutional Dispute Resolved

Prime Minister Mahathir and Malaysia's sultans have ended the four-month deadlock over royal prerogatives with a compromise reducing the King's ability to obstruct legislation. The compromise allows the parliament—where Mahathir's party has an overwhelming majority—to override a royal veto by a two-thirds vote. In return, the sultans retain their prerogatives at the local level. 

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Comment: Mahathir's tough tactics heightened political tensions and left him vulnerable to criticism from conservative opponents in his party. These opponents now are likely to challenge his leadership at the national party meeting next May. To maintain party leadership, Mahathir may be forced to adopt a harder position on some policy issues, possibly including Malaysia's position on international commodity issues. 

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